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Applicants: Bruce Bradford Thomas and Lester Ware Preston, III

Title: Collateral Coverage for Insurers and Advisors

GAU: 3626

Trumbull, CT, 2004, June 2

Preliminary Amendment

Commissioner for Patents

PO Box 1450, Alexandria, VA 22313-1450

Dear Sir or Madame:

Please amend the above application as follows:

Specification:

Page 13, replace the four paragraphs of the section entitled DRAWINGS—FIGURES with the following four paragraphs:

-Fig 1 shows a Collateral Coverage Contract that bears a functional relationship between its premiums and the premiums paid for the underlying insurance policy or policies as well as a functional relationship between the losses that are recovered under the two contracts.

Fig 2 shows a Collateral Coverage Contract that uses functional relationships to an underlying reinsurance policy or group of such policies to determine the coverage it will provide and the amount of premium that will be charged for this contract.

Fig 3 is a chart and a table that demonstrates the relationship between a 30% Proportional Collateral Coverage Contract and a reinsurance policy and shows the costs and benefits of this coverage.

Fig 4 is a flowchart that demonstrates how simple and cost effective it is to perform underwriting and loss adjustment functions when the premiums